

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

HALLIBURTON ENERGY SERVICES, INC.,

Plaintiff,

v.

WEATHERFORD INTERNATIONAL, INC.
and BJ SERVICES COMPANY,

Defendants.

CIVIL ACTION NO. 02-CV-1347-P

JUDGE SOLIS

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**HALLIBURTON'S CONSOLIDATED REPLY BRIEF IN SUPPORT OF ITS MOTIONS
FOR A TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION**

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Plaintiff Halliburton Energy Services, Inc. ("Halliburton") files this consolidated reply to the four separate briefs¹ in opposition submitted by Defendants Weatherford International, Inc. ("Weatherford") and BJ Services Company ("BJ") in response to Halliburton's single brief² in support of its motions for a temporary restraining order and preliminary injunction. In this reply, Halliburton shows the Court the following:³

¹ Weatherford International, Inc.'s Opposition to Halliburton's Motion for a Temporary Restraining Order ("Weatherford's TRO Brief"); Weatherford International, Inc.'s Opposition to Halliburton's Motion for a Preliminary Injunction ("Weatherford's PI Brief"); BJ Services Company's Opposition to Halliburton's Motion for Temporary Restraining Order ("BJ's TRO Brief"); and BJ Services Company's Opposition to Halliburton's Motion for a Preliminary Injunction ("BJ's PI Brief"), all filed July 8, 2002.

² Halliburton's Brief In Support of Its Motion for Preliminary Injunction ("Halliburton's PI Brief"), Docket No. 6, which also supported Halliburton's Motion for a Temporary Restraining Order, both filed June 27, 2002. Although the evidence was ignored by Defendants, Halliburton's motions for TRO and Preliminary Injunction are also supported by the evidence submitted of record with Halliburton's Response to Defendants' Emergency Motion for Enlargement of Time ("Halliburton's Time Brief"), Docket No. 11, filed July 1, 2002.

³ In addition to the previously submitted evidence of record, this reply is supported by the sworn witness statement of Monty Earle Harris taken before a Court reporter on March 12, 2002 ("Harris Statement"), excerpts of which are attached as A229-A283.

I. INTRODUCTION

The urgent need for protecting Halliburton's market for its patented tools and services during this litigation has been demonstrated. Defendants have opposed opening discovery, and therefore these motions are ripe for resolution.

As discussed below, Halliburton has satisfied its burden of proof to show a likelihood of success on the merits, including showing that Defendants are infringing Halliburton's patent rights and that Defendants are unlikely to succeed on their invalidity contentions. Unless enjoined, Defendants will continue to infringe and will launch future attacks on Halliburton's patented tool market by designing and selling additional sizes and models of their infringing tools, by expanding their geographical markets, and by approaching more of Halliburton's customers.

Halliburton has developed a market for its patented drillable tools and sells and installs twenty-eight (28) different types, sizes, and models of these tools. Halliburton's PI Brief, A68, A70, A72. To Halliburton's knowledge, Weatherford currently offers only eight (8) different types, sizes, and models of the "Frac Guard" tools. Halliburton's PI Brief, A110-111. BJ offers only one (1) size, type, and model of the "Python" tool. Halliburton's PI Brief, A93. Without this Court's protection, Defendants could follow this initial entry into Halliburton's market with a full line of tools.

In opposing Halliburton's motions for preliminary relief, Defendants in effect ask the Court to grant them a *de facto* license to continue their patent infringements during protracted patent litigation. Defendants will then presumably argue for an award to Halliburton of only a "reasonable royalty" as damages when they are found liable for patent infringement. *See* 35

U.S.C. § 284. Halliburton's evidence, contrasted with Defendants' insufficient and inadmissible submissions, demonstrates the propriety of entering preliminary injunctions against the sale and use of Defendants' drillable tools.

In this case, preliminary relief is appropriate when all four factors are evaluated: the likelihood of movant's success on the merits, the irreparability of harm to the movant without an injunction, the balance of hardships between the parties, and the demands of the public interest. *Mentor Graphics Corp. v. Quickturn Design Systems, Inc.*, 150 F.3d 1374, 1377, 47 U.S.P.Q.2d 1683, 1685 (Fed. Cir. 1998).

II. THE "FRACGUARD" AND "PYTHON" TOOLS AND THEIR USES INFRINGE

Halliburton has satisfied its burden to show that it will be likely to prove patent infringement at a trial on the merits. Halliburton's PI Brief, pp. 12-13 and 15-18, and the attached claim charts summarizing the infringement evidence and analysis, A155-162.

Weatherford's responses to Halliburton's motions made no argument whatsoever that it is not infringing all three patent claims at issue in the motions. Weatherford weakly asserts that it needs more information to interpret the claims. Weatherford's PI Brief, p. 18. However, both Weatherford and BJ understood the claims sufficiently well to make their invalidity contentions. Furthermore, a court is not required to interpret claims "conclusively and finally" during a preliminary injunction proceeding, but only to the extent it considers necessary to examine the "probability of infringement." *Dentsply Int'l v. Great White, Inc.*, 132 F. Supp. 2d 310, 315 (M.D. Pa. 2000); *Cargo Protectors, Inc. v. Amer. Lock Co.*, 92 F.Supp.2d 926, 930 (D. Minn. 2000).

BJ's response to Halliburton's motions made no arguments that it is not infringing at

least Claim 3 of the '540 Patent. BJ does assert that, after Halliburton's initial contact, BJ changed its Python tool design to include a "brass tube" within the non-metallic mandrel. BJ's PI Brief, Lehr Decl., ¶ 15, B4. According to BJ, adding a "brass tube" inside the Python's non-metallic mandrel avoids infringement of the "non-metallic" mandrel elements of Claims 1 and 30 of the '468 Patent. However, the addition of a brass tube within the Python's composite mandrel does not avoid the fact that BJ's mandrel is still non-metallic. One cannot avoid infringement merely by adding a part if each element recited in the claim is found in the accused device. *Stiftung v. Renishaw PLC*, 945 F.2d 1173, 20 U.S.P.Q.2d 1094 (Fed. Cir. 1991). BJ could not make, and did not make, a colorable argument that its "current" design does not infringe Claim 3 of the '540 Patent, which allows for but does not specify a non-metallic mandrel. See BJ's TRO Brief, p. 8; BJ's PI Brief, pp. 6-7.

Halliburton has satisfied its burden of establishing that both Defendants Weatherford and BJ are infringing at least one claim of the patents in issue. See *Panduit Corp. v. Dennison Mfg. Co.*, 836 F.2d 1329, 5 U.S.P.Q.2d 1266, 1267 n.1 (Fed. Cir. 1987) (one is liable for patent infringement if one claim is infringed).

III. THE EVIDENCE DEMONSTRATES DEFENDANTS ARE NOT LIKELY TO SUCCEED ON THEIR PATENT INVALIDITY DEFENSE

Defendants essentially argue that their "Baker references" regarding the Baker Fiberglass Tension Packers from the 1960s or the Western Co.'s R&D project regarding a 2-3/8" tool from the 1980s invalidate all three of Halliburton's patent claims asserted in its motions for temporary and preliminary injunction. Defendants' evidence includes the misleading and incomplete declaration of Mr. Monty Harris of September 23, 2001, and the supplemental declaration of September 27, 2001. Weatherford's PI Brief, W10-17. Mr. Harris is Weatherford's employed

consultant as well as a co-inventor on the '202 Patent. W10, ¶ 5; Halliburton's PI Brief, U.S. Patent No. 4,708,202, A121-136, at A121. His declaration states that he prepared it,⁴ but he later testified that Weatherford's counsel actually prepared it. Harris Statement, 102:2-18, A272. As discussed in detail below, a comparison between Harris' declarations of September 2001 and his recent sworn witness statement taken before a court reporter in March of 2002 reveals glaring inconsistencies, gaping holes, misleading cherry-picked "facts" and a lack of personal knowledge in the declarations prepared by Weatherford.

The burden of invalidating a patent is a heavy one; it must be done by clear and convincing evidence. At the preliminary injunction stage, a patent challenger's evidence of invalidity must be "sufficiently persuasive that it is likely to overcome the presumption of patent validity." *PPG Indus., Inc. v. Guardian Indus. Corp.*, 75 F.3d 1558, 37 U.S.P.Q.2d 1618, 1624 (Fed. Cir. 1996). Halliburton can prevail in this motion by showing that Defendants' evidence would be unlikely to carry the day clearly and convincingly at trial. *H.H. Robertson Co. v. United Steel Deck, Inc.* 820 F.2d 384, 387, 2 U.S.P.Q.2d 1926 (Fed. Cir. 1987).

A. DEFENDANTS' ANTICIPATION ARGUMENTS

Defendants assert that Claims 1 and 30 of the '468 Patent are invalid under 35 U.S.C. § 102 as anticipated by alleged prior "printed publications" and alleged "public uses." However, Defendants never argued that Claim 3 of the '540 Patent is anticipated. Weatherford's PI Brief, pp. 11-13; BJ's PI Brief, pp. 9-13.

To be anticipating, a prior art reference must disclose each and every limitation of the claimed invention, must be enabling, and must describe the claimed invention sufficiently to

⁴ Harris Declaration dated 9/27/01: "[T]he declaration I prepared on September 23, 2001." W12.

have placed it in possession of a person of ordinary skill in the field of the invention. *In re Paulsen*, 30 F.3d 1475, 1478-79, 31 U.S.P.Q.2d 1671, 1673 (Fed. Cir. 1994); *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 U.S.P.Q.2d 1913, 1920 (Fed. Cir. 1989) (an anticipating reference must describe all claimed aspects of the invention). Anticipation by a prior publication occurs where the work adequately describes the invention in question and the work qualifies as a “printed publication.” 1 *Chisum on Patents* § 3.04, at 3-40 (2002); *Northern Telecom, Inc. v. Data Point Corp.*, 908 F.2d 931, 15 U.S.P.Q.2d 1321 (Fed. Cir. 1990) (a document, to serve as a printed publication, must be generally available).

Defendants must prove that their alleged references qualify as prior art under the patent laws. *Trans-World Mfg. Corp. v. Al Hyman & Sons*, 750 F.2d 1552, 224 U.S.P.Q. 259 (Fed. Cir. 1984) (accused infringer has the burden of proof to establish prior art by clear and convincing evidence).

1. Claim 1 of the ‘468 Patent Is Not Anticipated — The Alleged Evidence Does Not Show the Steps of Positioning and Drilling

Claim 1 of the ‘468 Patent is directed to a well bore process including the steps of “positioning said downhole tool into locking, sealing, engagement with said wellbore, and drilling said tool out of said well bore.” All of Defendants’ proffered anticipating “prior art” references fail to contain these steps.

a. The Baker References Regarding the Fiberglass Tension Packer Do Not Disclose Either the Step of Positioning or the Step of Drilling

Defendants contend that Claim 1 of the ‘468 Patent is invalid under 35 U.S.C. § 102 as anticipated by the “Baker references” regarding the Baker Fiberglass Tension Packer from the

1960s. Defendants argue that the Baker “Special Products Manual” and drawing; the “Catalog” advertisement; and the “World Oil” advertisement constitute invalidating “printed publications” under 35 U.S.C. § 102. Weatherford’s PI Brief, pp. 7-8, citing W18-19 (Manual) and W20-23 (“World Oil” ad); BJ’s PI Brief, pp. 9-10, citing B19-20 (Manual), B22-25 (“World Oil” ad), and B33-34 (“Catalog” ad).

The Baker references do not anticipate Halliburton’s drillable tool inventions. The Baker Fiberglass Tension Packers could not be positioned into “locking, sealing engagement” with the well bore as required by Claim 1 of the ‘468 Patent. For example, the “Special Products Manual” discusses a tool supported by the tubing connected to the wellhead. The “RUNNING” portion of Baker’s Special Products Manual describes lifting the tubing to “pack off” the packer element. The Baker tension packer relied on remaining connected to the tubing and this lifting force to hold the tool in position. These packers are supported entirely by the tubing connected to the wellhead. Without the support from the wellhead, Baker’s tension packers fall down the well. They could not be left self-supporting in the well, subjected to pressure, and later drilled out. The “RETRIEVING” section of the manual excerpt describes how the tool is removed by pulling it out of the wellbore, *not drilling it out*. The Baker references disclose that fiberglass was used in parts of the Baker tools to prevent corrosion (e.g., due to salt water in the well). Neither the “Special Products Manual” or other Baker references state that the tool was ever “drilled out” of the well bore as required by Claim 1 of the ‘468 Patent. Defendants have offered no documentary evidence that they or anyone else in the world ever used a Baker Fiberglass Tension Packer in a well process where the tool was positioned in “locking-sealing” engagement and “drilled out” of the well.

Further, Defendants have failed to establish that the “Special Products Manual” and

attached advertisements qualify as prior art.^{5,6}

b. The Declarations of Lehr, McKeachnie, and Harris Do Not Show the Step of Drilling Out of the 1968 Baker Fiberglass Tension Packer

Realizing that all of the Baker references lacked the critical “drilling out” element, Defendants improperly attempt to hide these glaring deficiencies by shifting the focus from the face of the alleged “printed publications” to the rank speculation of their interested witnesses. Additionally, Defendants try to convince the Court that the Harris declaration discussing the Baker tension packers shows an invalidating “public use” under 35 U.S.C. § 102.

In substantially identical declaration paragraphs, Defendants’ employees – without testifying that drill out of the alleged Baker Fiberglass Tension Packer ever actually occurred – speculated that it was common to drill or mill out retrievable packers “stuck in the casing.” Weatherford’s PI Brief, W31, ¶19; BJ’s PI Brief, B5, ¶19. However, this testimony is clearly insufficient. *See Motorola, Inc. v. Interdigital Technology Corp.*, 121 F.3d 1461, 1473, 43 U.S.P.Q.2d 1481, 1490 (Fed. Cir. 1997) (witness’s conclusory testimony based on the state of the art “cannot supplant the requirement of anticipatory disclosure in the prior art reference

⁵ Defendants’ Baker references fail to satisfy the “written description” requirement to qualify as prior art. For example, the “Special Products Manual” and drawing do not disclose drilling. The Baker “catalog” ad fails to disclose the material composition of the discrete parts of the AD-type tension packer. (BJ asserts that these packers were metallic, so the ad obviously would not anticipate in any event. *See* p. 2 of the Table of Contents to the Appendix to BJ’s PI Brief).

⁶ The “Special Products Manual” and drawing clearly do not qualify as “printed publications” because Defendants have produced no evidence authenticating these materials or showing that they were ever accessible to the public before the critical date (one year before the filing date of the ‘468 Patent). *See* Fed.R.Evid. 901. Defendants assert that Baker submitted the “Special Products Manual” and drawing to the PTO when it filed the application for its U.S. Patent No. 6,167,963. Weatherford’s PI Brief, pp. 7-8 & n.2; BJ’s PI Brief, p. 9, n.5. As Defendants’ counsel well know, Baker’s ‘963 application was not filed until May 8, 1998, and the ‘963 Patent did not issue until January 2, 2001. Thus, the only thing this material establishes is that the “Special Products Manual” was publicly available years after Halliburton filed its applications that resulted in the ‘468 and ‘540 Patents. *See In re Bartfield*, 925 F.2d 1450, 17 U.S.P.Q.2d 1885 (Fed. Cir. 1991) (U.S. patent disclosures are prior art as of their filing dates).

itself.") *Cf. Scaltech Inc. v. Retec/Tetra L.L.C.*, 156 F.3d 1193, 51 U.S.P.Q.2d 1055, 1059 (Fed. Cir. 1999) (inherency may not be established by probabilities or possibilities); *Mehl/Biophile Int'l Corp. v. Milgraum*, 192 F.3d 1362, 1365, 52 U.S.P.Q.2d 1303, 1306 (Fed. Cir. 1999) (occasional results are not inherent).

Weatherford's counsel drafted similar observations for Harris' Declaration of September 2001, which included a statement that it was common during fishing practices "to drill or mill [the Baker "AD" tension packers] out of the well" because of failures. Weatherford's PI Brief, W10, ¶ 3. However, Mr. Harris later spoke for himself based on his actual personal knowledge rather than parroting statements beneficial to the Defendants. During his statement, Harris explained that when a Baker tool got stuck in a well, the debris (sand) around the tool was removed and the stuck tool was pushed to the bottom of the well, not drilled out. Harris Statement, 36:5-37:10, A241-A242. In fact, neither the mandrel nor any internal parts were milled, instead the sides were cut loose with a "burn-over shoe." Harris Statement, 37:24-38:10, A242-A243.

No tortured definition of pushing a useless tool to the bottom of a well can equate with drilling a tool into fragmented pieces that can be flowed out of the well. See explanation of "drill out" in Halliburton's PI Brief, p. 9, and the '468 Patent, Fig. 1, A3, and Col. 5, lines 4-16, A11. Defendants will never be able to provide any evidence that "pushing" actually means "drilling." Defendants try to equate shoving an obstruction out of the way with breaking a tool into small pieces. Clearly, these actions are not comparable.

Defendants provide no evidence that a "stuck" tool is either in "sealing engagement" or "locking engagement" with the well bore. Obviously, the presence of debris in the annulus around the tool when the tool gets "stuck" in the well bore would prevent "positioning [the] tool

in locking sealing engagement with the well bore," as Claim 1 of the '468 Patent requires. See description of "locking" the tool in the well bore in Halliburton's PI Brief, p. 9, and the '468 Patent at Col 13, line 18 - Col. 14, line 20, A15.

In March of 2002, Mr. Harris described problems with the fiberglass parting on the Baker fiberglass tension packer including a problem with the fiberglass mandrel breaking apart. Harris Statement, 34:8-20, A239. This information explains why the Baker tool was advertised just once in June of 1968 and was an apparent failure. Halliburton's PI Brief, A164-166. It also explains why this failed tool was not seen again in the industry. Defendants' evidence regarding the Baker references falls short of the requirement that an anticipating "prior use" under Section 102(a) must be of a complete and operable product or process that is reduced to practice. 1 Chisum on Patents § 3.05[2], at 3-80 to 3-82 (2002).

Halliburton objects to the statements in the Lehr and McKeachnie Declarations submitted by Defendants regarding the alleged drilling out of "stuck" tools, since these statements are not shown to be based on personal knowledge and are uncorroborated. Weatherford's PI Brief, W31, and BJ's PI Brief, B5-6. The Harris description of pushing a Baker Tension Packer tool to the bottom of the well is also not corroborated. Weatherford's PI Brief, W10. Oral testimony of prior public use must be corroborated in order to invalidate a patent. See *In The Barbed Wire Patent*, 143 U.S. 275 (1892) (uncorroborated testimony from twenty four separate witnesses including a deputy marshal held insufficient as a matter of law); *Woodland Trust v. Flowertree Nursery Inc.*, 148 F.3d 1368, 47 U.S.P.Q.2d 1363 (Fed. Cir. 1998). The need for corroboration exists regardless of whether the party is interested in the outcome of the litigation or is uninterested but is testifying on behalf of an interested party. *Finnegan Corp. v. International Trade Commission*, 180 F.3d 1354, 1367, 51 U.S.P.Q.2d 1001 (Fed. Cir. 1999). Corroboration

of prior use is required. *Juicy Whip, Inc., v. Orange Bang, Inc.*, 292 F.3d 728, 63 U.S.P.Q.2d 1251 (Fed. Cir. 2002). The corroboration requirement applies at the preliminary injunction stage of the litigation. *Oakley Inc. v. Sunglass Hut Int'l*, 61 U.S.P.Q.2d 1658, 1664-65 (C.D. Cal. 2001).

Even if the Court were to overlook their inadmissible nature and consider the uncorroborated statements, none of the statements describes a tool or use that anticipates the patented invention. As summarized in the following claim chart, the procedure described by Mr. Harris and Defendants' employees does not satisfy Defendants' burden of proving a prior well process containing each and every step of Claim 1 of the '468 Patent.

'468 Patent, Claim 1		Baker Fiberglass Tension Packer uncorroborated evidence
<input checked="" type="checkbox"/> A well bore process comprising the steps of:		NO - A fishing process for a stuck tool
<input checked="" type="checkbox"/> constructing a downhole tool such that a component thereof is made of a non-metallic material;		fiberglass mandrel
<input checked="" type="checkbox"/> Said tool comprising: a center mandrel		fiberglass mandrel
<input checked="" type="checkbox"/> and a plurality of slips disposed around said mandrel for grippingly engaging a well bore when in a set position;		NO - a stuck tool is not "set"
<input checked="" type="checkbox"/> wherein, at least one of said mandrel and said plurality of slips is said component; positioning said downhole tool into <i>locking, sealing engagement</i> with said well bore;		fiberglass mandrel NO - a "stuck" tool is not locked and sealed in well bore
<input checked="" type="checkbox"/> and drilling said tool out of said well bore		NO - describes pushing tool to bottom of well

c. **The Secret Western R&D Project Regarding the 2-3/8" Tool Described by Harris Does Not Show the Steps of Positioning and Drilling**

Weatherford argues that Claim 1 of the '468 Patent is anticipated by a secret R&D project Mr. Harris did at The Western Company in the 1980s. Weatherford claims its evidence of Western's R&D work establishes an invalidating "public use" under § 102. Weatherford's PI Brief, pp. 10-11. In fact, Western's work was clearly secret and fails to qualify as "prior art." Furthermore, Mr. Harris's testimony about work performed decades ago is uncorroborated by any documentary evidence, memos, reports or any other witness.

The Western R&D project fails as prior art on a variety of different levels, not only because it was a secret pet project of one employee at a dying oil company, but also because it was a failure. For this work to have any relevance to the asserted invalidity claims it must have been "public" as defined by 35 U.S.C. § 102. Under § 102(a), prior art anticipates a patented invention where the prior art is "known or used by others" prior to the date of invention. *Carella v. Starlight Archery and Pro Line Co.*, 804 F.2d 135, 139 (Fed. Cir. 1986). The public must have access to the knowledge of the prior art. *Id.*

Public use includes "any use of [the] invention by a person other than the inventor who is under no limitation, restriction or obligation of secrecy to the inventor." *In re Smith*, 714 F.2d 1127, 1134, 218 U.S.P.Q. 976, 983 (Fed. Cir. 1983). Uses under conditions of confidentiality do not constitute "public" uses. *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 229 U.S.P.Q. 805 (Fed. Cir. 1986) (implied restriction of confidentiality). Secret commercial use by persons other than the inventor does not constitute a statutory bar. *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 U.S.P.Q. 303 (Fed. Cir. 1983); see also *Woodland Trust v. Flowntree Nursery Inc.*, 148 F.3d 1368, 1371, 47 U.S.P.Q.2d 1363, 1366 (Fed. Cir. 1998)

("when an asserted prior use is not that of the applicant, Section 102(b) is not a bar when that prior use or knowledge is not available to the public.")

In an attempt to satisfy the publicly available requirement, Weatherford included a statement in Mr. Harris's September 2001 declaration purporting to show that one 2-3/8" plug was set in a well in Louisiana and that "[t]he wireline operator, the customer and others who were at the well site were not required to execute non-disclosure agreements or were not otherwise required to maintain any sort of secrecy about the plug, how it was used or what it was made of." Weatherford's PI Brief, W11, ¶11. Weatherford offered this broadbrush statement regarding the conditions at the well and the lack of any confidentiality agreements without revealing to the Court that the witness lacked any personal knowledge about the job since he was hundreds of miles away in North Texas and also without disclosing all the other efforts to keep the work secret.

In March 2002, Harris told the story of the job in Louisiana in his own words instead of adopting Weatherford's spin on the events. During that interview he explained that he was not present when the plug was allegedly tested in Louisiana and that he has no personal knowledge about who was at the well site, what they were told, or whether they signed anything. Harris Statement, 106:22-107:5, A274-A275. He also clarified the dangerous, private nature of well sites and the exclusion of the general public from such sites. Harris Statement, 107:6-16, A275.

More importantly Mr. Harris's testimony established that the entire Western project was kept secret contrary to the misleading implication created by Weatherford's attached Declaration. The R&D project at Western was a secret program run by Harris. Harris Statement, 65:7-25, A250. These tools were kept secret even within Western and were not published to the industry. Harris Statement, 66:11-23, A251. Harris built only two 2-3/8" tools. Harris Statement, 88:20-

89:2, A261-A262. Mr. Harris ran the first tool in a company test well. Harris Statement, 90:10-15, A263. During that test, when the setting tool came out of the well, the top part of the 2-3/8" tool's mandrel had sheared off. Harris Statement, 90:16-91:3, A263-A264. Harris kept no records of the testing. Harris Statement, 92:5-7, A265. In fact, he was informed he could not keep records on the project. Harris Statement, 92:5-7, A265, and 96:19-24, A266. The normal research process required performing tests in the company's test facility and subsequently testing the tools in the field during "field runs." Harris Statement, 96:24-97:5, A266-A267.

In March 2002, Harris gave a more complete, detailed and accurate account of the "field test" in Louisiana. According to Mr. Harris, he contacted a personal friend within the company, Cap DuPont,⁷ and asked him to run the remaining 2-3/8" tool in a well where "it didn't have to do a lot." Harris Statement, 97:5-25, A267, and 99:10-19, A269. Mr. Harris contacted Cap DuPont directly because he trusted him and was under pressure to keep the project quiet. Harris Statement, 99:90-22, A269. Harris and DuPont chose a "plug and abandonment" job for the field run because no paperwork would be generated if the tool failed. Harris Statement, 99:10-17, A269. Furthermore, Harris impressed upon Cap DuPont that he wanted no paperwork done regarding the tool (including any item charge) and that he wanted it kept quiet. Harris Statement, 98:5-15, A268. Mr. Harris' only reason for eliminating any paperwork or discussion of the tool was his overwhelming desire to keep the entire project *secret*. A secret project disclosed to no one but the inventor and tested under circumstances designed to maintain confidentiality simply does not qualify as a "public use" pursuant to 35 U.S.C. § 102.

⁷ Harris states that Cap Dupont is deceased. Harris Statement, 114:6-14, A282.

d. Harris' Pet Project was an Abandoned, Incomplete Experiment

The Western R&D project also fails to qualify as prior art because it was an incomplete and abandoned experiment. Mr. Harris tested the first 2-3/8" tool in the company's test well and the top part of the mandrel sheared off when he pulled the setting tool out of the well. Harris Statement, 90:10-15, A263. The other 2-3/8" plug was field tested in a well where it did not hold pressure or "really do a lot" so no paperwork would be generated if it failed. Harris Statement, 98:5-99:17, A268. The field test was a "plug and abandonment" job which means the crew set the tool, pulled the setting tool out of the well and dumped cement on top of the plug. Harris Statement, 98:20-25, A268. Mr. Harris modified the tool after his first test failed; however, these modifications failed to correct the tool's problems. Harris Statement 100:23-101:3, A270-A271. During the field run, the top of the mandrel pulled out again and the tool failed to shear as designed. Harris Statement, 100:14-25, A270. Mr. Harris did not record any of these test results in a lab report and closed the project after the field run. Harris Statement, 109:14-110:5, A277. Mr. Harris did no more work on the project and did not intend to pursue the project in the future. Harris Statement, 110:2-5, A278, and 112:20-113:9, A280.

A prior use under Section 102(a) must be of a complete and operable product or process that is reduced to practice. 1 *Chisum on Patents* § 3.05[2], at 3-80 to 3-82 (2002). An experiment that falls short of reduction to practice and is abandoned is not sufficient. *Id.* If an alleged prior use of the invention was part of a program of experimentation and if the invention was abandoned immediately after the experiment, it can be inferred that the prior use was not in fact a successful practicing of the complete invention. *Id.* In *United States v. Adams*, 383 U.S. 39, 86 S. Ct. 708 (1966) the Court reaffirmed that "an inoperable invention or one which fails to achieve its intended result does not [anticipate]."

The Western R&D project was clearly secret, not on sale, never publicly known and never publicly used. Thus, the project fails to qualify as prior art at every turn. Clearly, this evidence cannot support Defendants' invalidity claims in any way. *See Vulcan Eng'g Co. v. FATA Aluminium, Inc.*, 278 F.3d 1366, 61 U.S.P.Q.2d 1545, 1548 (Fed. Cir. 2002) ("turntable" system that allegedly was similar to patent could not be considered as prior art; system was "secret" because it was designed by employee of industrial corporation and built by company hired for that purpose, it was dismantled as inoperable soon after it was built, and it was not on sale, publicly known or used).

Furthermore, Halliburton objects to Mr. Harris's testimony regarding this project as it is not corroborated in any way. Oral testimony of prior public use must be corroborated in order to invalidate a patent. *See In The Barbed Wire Patent*, 143 U.S. 275 (1892) (uncorroborated testimony from twenty four separate witnesses including a deputy marshal held insufficient as a matter of law); *Woodland Trust v. Flowertree Nursery*, 148 F.3d 1368, 47 USPQ2d 1363 (Fed. Cir. 1998) (testimony of four witnesses insufficient as a matter of law); *Finnegan Corp. v. Int'l Trade Comm'n*, 180 F.3d 1354, 1366-68, 51 U.S.P.Q.2d 1001, 1010-11 (Fed. Cir. 1999) (uncorroborated testimony of one witness whose testimony is partially corroborated but uncorroborated regarding missing claim element was insufficient as a matter of law); *Juicy Whip, Inc., v. Orange Bang, Inc.*, 292 F.3d 728, 63 U.S.P.Q.2d 1251 (Fed. Cir. 2002) (uncorroborated testimony of six separate witnesses with non contemporaneous sketches insufficient as a matter of law); *Oney v. Ratliff*, 182 F.3d 893, 896, 51 USPQ2d, 1697, 1700 (Fed. Cir. 1999) (uncorroborated declarations from four separate witnesses insufficient as a matter of law).

2. Claim 30 of the ‘468 Patent Is Not Anticipated – The Alleged Evidence Does Not Show a “Slip Support” for the Slip Means

Defendants have not proven that any of their proffered evidence anticipates Claim 30 of the ‘468 Patent. Defendants concede any alleged prior art must show a tool with a “slip support” in its slip means to anticipate Claim 30 (in addition to the other claim elements).⁸ See the “slip support” shown and described at Halliburton’s PI Brief, p. 8.

Defendants have offered no evidence that the Baker Fiberglass Tension Packers had a “slip support.” None of Defendants’ witnesses even speculates that any “slip support” was present in the Baker Fiberglass Tension Packers. Weatherford’s PI Brief, W33, ¶24; BJ’s PI Brief, B6, ¶22. Nor does the Western R&D project provide the “slip support” element because the project was secret, inoperable and abandoned. Additionally, Harris’ testimony about the project is unsupported by any of the expected documentary evidence regarding reduction to practice or test results. Defendants offer only rhetoric and argument in an attempt to convince this Court that their “prior art” references contained a “slip support.” See Weatherford’s PI Brief, p. 8; BJ’s PI Brief, p. 10. Certainly, argument and rhetoric alone can never surmount the clear and convincing hurdle which Defendants must overcome to prove the patents invalid.

Without evidence of an anticipating slip means, Defendants efforts fall far short.

B. DEFENDANTS’ OBVIOUSNESS ASSERTIONS

Defendants attack Halliburton’s Claims 1 and 30 of the ‘468 Patent and Claim 3 of the ‘540 Patent as invalid under 35 U.S.C. § 103 for being “obvious” to a person of ordinary skill in

⁸ Defendants have not contested Halliburton’s interpretation of this language for purposes of Halliburton’s Motions. Weatherford’s PI Brief, p. 13 n. 3; BJ’s PI Brief, p. 13 n. 6.

the art at the time the inventions were made.

1. **The Alleged Hypothetical Combination of the Baker References with Harris's '202 Patent Does Not Show Obviousness of Claims 1 or 30 of the '468 Patent**

Weatherford cobbles together an obviousness attack on Claim 1 of the '468 Patent based on a hypothetical combination of the Baker references with its self-serving declarations regarding drilling out stuck Baker tension packers. Weatherford's PI Brief, p. 12. (Weatherford does not assert Claim 30 is obvious, but only anticipated, as discussed above.) According to BJ, Claims 1 and 30 of the '468 Patent are invalid because "one of skill in the art would have known that the drillability of the bridge plug disclosed in Sukup [i.e., Harris's '202 Patent] could have been further enhanced by using a non-metallic mandrel and/or slips as taught by the Baker references . . ." BJ's PI Brief, pp. 12 & 14. This argument was specifically considered and rejected by the PTO.

None of Defendants' obviousness contentions has merit. A showing of a suggestion, teaching, or motivation to combine the prior art references is an "essential evidentiary component of an obviousness holding." *See C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1352, 48 U.S.P.Q.2d 1225, 1232 (Fed. Cir. 1998). To prove an invention fails for obviousness, a defendant must show that the prior art would have suggested to one of ordinary skill in the art that the process should be carried out and would have a reasonable likelihood of success viewed in the light of the prior art. Both the suggestion and the expectation of success must be founded in the prior art, not in the disclosure of the invention in an application for patent. *In re O'Farrell*, 853 F.2d 894, 7 U.S.P.Q.2d 1673 (Fed. Cir. 1988). Skill in the art does not act as a bridge over gaps in substantive presentation of an obviousness case, but instead supplies the

primary guarantee of objectivity in the process. *Al-Site Corp. v. VSI Int'l Inc.*, 174 F.3d 1308, 50 U.S.P.Q.2d 1161, 1171 (Fed. Cir. 1999).

Here, nothing in the prior art suggests that combining the Baker references (even if they were deemed to be prior art) with any other reference would have achieved the claimed inventions because the Baker Fiberglass Tension Packers were completely different tools used for different purposes. Defendants compare apples to oranges without regard to the facts. Defendants' own "evidence" contains facts defeating these contentions.

The Baker tool addressed a totally different industry problem, namely corrosion, not drillability like the claimed inventions. See *In re Clay*, 966 F.2d 656, 2 U.S.P.Q.2d 1058 (if the reference is directed to a different purpose, the inventor would accordingly have had less motivation or occasion to consider it). Even Mr. Harris, Defendants' own witness, disregarded the old Baker tension packer in his efforts to develop an all-composite tool at Western because the two tools were "different totally" and "used for different purposes." Harris Statement, 77:11-23, A256. Harris had originally worked for Baker and was familiar with the Baker fiberglass tension packers. Harris Statement, 4:19-6:10, A230, 10:19-15:24, A233. Furthermore, Harris did not disclose the prior Baker tools when he applied for the '202 Patent, despite his duty to disclose relevant prior art. The Baker tools were not relevant because they were "not the same tool" and "won't function the same way." Harris Statement, 78:23-79:9, A257.

No one skilled in the art would have had a "reasonable expectation of success" in using the Baker packers in the claimed combination since they were a failure. See *Tec Air, Inc. v. Denso Mfg. Mich., Inc.*, 192 F.3d 1353, 1360, 52 U.S.P.Q.2d 1294, 1298 (Fed. Cir. 1999) (if when combined, the references would produce a "seemingly inoperable device," then they teach away from their combination).

2. The Hypothetical Combinations of the Baker References, the Western R&D Project, or the '202 Patent with either the '366 Patent or the Sullaway Patent do not Show Obviousness of Claim 3 of the '540 Patent

In an effort to show invalidity of Claim 3 of the '540 Patent, Weatherford creates a hypothetical combination of the Baker references, the Western R&D project, or the Harris '202 Patent with the '366 Patent. Weatherford's PI Brief, p. 17. Similarly, BJ combines the Baker references or the '202 Patent with the Sullaway Patent in its unsupported invalidity argument regarding Claim 3. BJ's PI Brief, pp. 17-18.

Defendants concede that Claim 3 of the '540 Patent requires, in addition to other claim elements, a "slip support" in its slip means (see the slip support shown and described at Halliburton's PI Brief, p. 8) and two slip assemblies located above and below the packing element of the tool.⁹ None of the Baker references, Western R&D project or the '202 patent disclose a slip support. Defendants lack any evidence of the "slip support" element in Claim 3 just as they did in their attack on claim 30. Defendants try to hide this shortcoming with argument, rhetoric and hypothetical combinations of past inventions. These attempts to invalidate Claim 3 fail just as the attack on Claim 30 failed.

a. None of the Baker References, the Western R&D, or the '202 Patent Disclose Slip Assemblies Above and Below the Packing Element

Defendants concede that the Baker references, the Western R&D project, and the '202 Patent fail to disclose slip assemblies above and below the packing element. Instead, Defendants

⁹ Defendants have not contested Halliburton's interpretation of this language for purposes of Halliburton's Motions. Weatherford's PI Brief, p. 13 n. 3; BJ's PI Brief, p. 13 n. 6.

claim this requirement is disclosed by other references. Defendants rely on the '366 Patent or the Sullaway '875 Patent in support of their argument. BJ cites Halliburton's earlier U.S. Patent No. 4,151,875 listing Sullaway as the inventor. Like the '202 Patent, the Sullaway Patent was considered by the Patent and Trademark Office before allowing the '468 and '540 Patents. Halliburton's PI Brief, A2 and A20. Weatherford additionally cites U.S. Patent No. 3,306,366. However, Weatherford has not shown how this patent is any more relevant than the references already considered by the Patent and Trademark Office before allowing the '468 and '540 Patents.

b. **There Is No Suggestion to Combine the Baker References, the Western R&D, or the '202 Patent with either the '366 Patent or the Sullaway Patent**

Defendants' arguments attempting to "substitute" for the missing "dual slip assemblies" in their alleged prior art references are legally improper. Weatherford argues that other prior art shows that "a person of ordinary skill in the art would have known [to use] the 'sandwich' structure of slip means above and below a packing means in combination with the primary reference." Weatherford's PI Brief, p. 17. Similarly, BJ argues that "[t]he use of dual slip means would have been an obvious design choice to one of skill in the art." BJ's PI Brief, 17. Defendants' arguments are improper because 35 U.S.C. 103 requires analysis of a claimed invention *as a whole*. The test is not whether one device can be an appropriate substitute for another. *See Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1383, 231 U.S.P.Q. 81, 93 (Fed. Cir. 1986) (focusing on the "obviousness" of substitutions and differences instead of on the invention as a whole, is legally improper).

The '202 Patent actually teaches away from the '540 claimed combination. *See In re*

Hedges, 783 F.2d 1038, 1041, 228 U.S.P.Q. 685, 687 (Fed. Cir. 1986) (proceeding contrary to the accepted wisdom is strong evidence of unobviousness). Mr. Harris states in the '202 Patent that using top and bottom slips like Claim 3 of the '540 Patent is undesirable in drillable tools having non-metallic components. This statement directly contradicts Defendants' assertions. Mr. Harris states that these top and bottom slip designs "require relatively high internal setting forces;" "dull" the teeth on the slips because the slips "are inherently dragged or pulled up the side of the well casing during setting;" "chafe" the rubber seal elements and back-up rings; and result in "cocked or skewed" setting of the tool and improper setting of the bottom slips. Halliburton's PI Brief, the '202 Patent, Col. 1, ln. 65-Col. 2, ln. 23, A127. These published discussions reveal that the prior art actually teaches away from Halliburton's design choice. See *Gillette Co. v. S.C. Johnson & Sons, Inc.*, 919 F.2d 720, 724, 16 U.S.P.Q.2d 1923, 1927 (Fed. Cir. 1990) (the closest prior art reference "would likely *discourage* the prior art worker from attempting the substitution suggested by [the accused infringer]").

Further, Defendants ignore the fact that the Patent and Trademark Office considered both the '202 Patent and the Sullaway Patent before allowing the '468 and '540 Patents. The Patent and Trademark Office already has considered the alleged combination of the '202 Patent with the Sullaway '875 Patent and has rejected it. See *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 909 F.2d 1464, 15 U.S.P.Q.2d 1525 (Fed. Cir. 1990) (the burden of showing invalidity is especially difficult when the prior art was before the PTO). Defendants have not shown the PTO's determination to be incorrect. Defendants also do not explain how the hypothetical combination of the Baker references with the '366 Patent would be any better than the hypothetical combination of the '202 Patent and the Sullaway Patent.

3. Objective Evidence of Nonobviousness - Secondary Considerations

Defendants present the Court with hypothetical combinations and previously rejected claims in support of their obviousness arguments. In contrast, Halliburton presents strong, concrete evidence of secondary considerations which support nonobviousness. Secondary considerations of nonobviousness include commercial success, long-felt but unresolved need, failure of others, copying and unexpected results. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 148 U.S.P.Q. 459, 467 (1966); *Miles Labs., Inc. v. Shandon, Inc.*, 997 F.2d 870, 877, 27 U.S.P.Q.2d 1123, 1128 (Fed. Cir. 1993). Secondary considerations, when present, must be considered in determining obviousness. See *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 873, 228 U.S.P.Q.2d 90, 98 (Fed. Cir. 1985).

“Evidence of secondary considerations may often be the most probative and cogent evidence in the record.” *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538, 218 U.S.P.Q. 871, 879 (Fed. Cir. 1983). “It may often establish that an invention appearing to have been obvious in light of the prior art was not.” *Arkie Lures Inc. v. Gene Larew Tackle, Inc.*, 119 F.3d 953, 957, 43 U.S.P.Q.2d 1294 (Fed. Cir. 1997).

Halliburton’s evidence of secondary considerations is overwhelming and unchallenged.

a. Halliburton’s Commercial Success With Its Inventions

Halliburton’s patented inventions enjoyed tremendous commercial success quickly after their introduction which is compelling objective evidence of nonobviousness. No one disputes this success or the revenue generated by this invention. Since 1994, Halliburton has sold tens of millions of dollars of the “FAS Drill®” drillable well tools and related services. Halliburton’s PI Brief, A59, ¶14. See *Hayes Microcomputer Prod., Inc. v. Ven-Tel, Inc.*, 982 F.2d 1527, 1540, 25

U.S.P.Q.2d 1241 (Fed. Cir. 1992). Furthermore, the commercial success of Defendants' products is as relevant in showing nonobviousness as that of Halliburton's. *Panduit Corp. v. Dennison Mfg. Co.*, 774 F.2d 1082, 227 U.S.P.Q. 337 (Fed. Cir. 1985). Weatherford states that its sales of the accused FracGuard products have generated approximately \$2,000,000 per year in the Rocky Mountain and Alaska regions alone. Weatherford's PI Brief, p. 23 and McKeachnie Decl. ¶ 17, WE31. BJ states that it is selling over \$3,000,000 per year of the accused Python tools in the South Texas region alone. BJ's PI Brief, p. 22 and Harper Decl. ¶ 23, BJ24.

b. Long-felt Need for Halliburton's Inventions

In his March 2002 statement, Mr. Harris testified that by the 1980s there was already a long felt need for a truly drillable tool. He testified that such a tool would be "revolutionary" and put other tools out of business. Harris Statement, 58:7-59:2, A245. It would solve a "long-felt need" and be a "tremendous commercial success" for the company. Harris Statement, 59:3-11, A246. See also Halliburton's PI Brief, pp. 6-8 (explaining the need for more easily drillable tools). Long-felt need negates an assertion that the combination of existing prior art would have been obvious. *Micro Chem., Inc. v. Great Plains Chem. Co.*, 103 F.3d 1538, 41 U.S.P.Q.2d 1238 (Fed. Cir. 1997).

c. Prior Failures of Others Evidences Nonobviousness of Halliburton's Inventions

Halliburton has already addressed Mr. Harris's '202 Patent issued to the Western Company in 1987 and pointed out that it demonstrated a prior failure of others to make a truly drillable well tool with a nonmetallic mandrel as required by Claims 1 and 30 of the '468 Patent. See Halliburton's PI Brief, pp. 7 and 19-20, A121-136. In his March 2002 statement, Mr. Harris

testified that the tools disclosed in the '202 Patent "had a metallic mandrel" because the inventors' prior attempts to make a non-metallic mandrel had failed. Harris Statement, 62:11-14, A249. This evidence supports the validity of Halliburton's claims. *See Advanced Display Systems, Inc. v Kent State University*, 212 F.3d 1272, 54 U.S.P.Q.2d 1673 (Fed. Cir. 2000) ("evidence of failed attempts by others could be determinative on the issue of obviousness.")

Evidence of Mr. Harris's failed attempts is especially significant since he was aware of the alleged prior art Defendants rely on to support their arguments. This reliance is misplaced. *See 2 Chisum on Patents* § 5.05[1], at 5-577 & n.12.2 (2002) (evidence of secondary considerations is considered independently of what any real person *knows* about the prior art, but evidence of actual failures by persons in the art to solve a problem increases in significance if those persons were aware of all of the prior art).

According to defendants, making a successful truly drillable tool with a non-metallic mandrel based upon knowledge of the Baker Fiberglass Tension Packer would have been "obvious to a person of ordinary skill in the art. If so, how do Defendants explain the '202 Patent's named inventors', Mr. Harris and Mr. Sukup, failures? The logical answer: the failed attempts at Western demonstrate that Halliburton's inventions were not as simple as Defendants assert and would not have been obvious. *See Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1577, 1 U.S.P.Q.2d 1593, 1605 (Fed. Cir. 1987) ("Indeed, that the elements noted by the court lay about in the prior art available for years to all skilled workers, without, as the court found, suggesting anything like the claimed inventions, is itself evidence of nonobviousness.")

d. Defendants' Copying of Halliburton's Inventions

Defendants have given Halliburton's patented inventions the highest form of praise by

copying them. Defendants give the prior failed tool designs their true worth by avoiding them. Defendants' hypocritically attack that which they value highly enough to copy and disingenuously praise designs they avoided. In patent law, Defendants' actions refute their arguments; copying is strong evidence of validity as is avoidance of prior available designs. See *Specialty Composites v. Cabot Corp.*, 845 F.2d 981, 6 U.S.P.Q.2d 1601 (Fed. Cir. 1988) (the fact that an accused infringer did not copy any prior art device, but found it necessary to copy the claimed invention, is strong evidence of validity).

e. The Prior Art Teaches Away from Halliburton's Design

As previously discussed, the '202 Patent "teaches away" from the '540 claimed invention. Claim 3 of the '540 Patent requires among other claim elements "slip means" above and below the packing means. As a person of above average skill in the art, Mr. Harris not only avoided Halliburton's claimed slip means and their location on opposite sides of the seal but also believed they were unsatisfactory. Harris's '202 Patent, Col.1, line 65-Col2, line 22. A127. Proceeding contrary to the accepted wisdom is "strong evidence of unobviousness." *In re Hedges*, 783 F.2d 1038, 1041, 228 U.S.P.Q. 685, 687 (Fed. Cir. 1986).

IV. HALLIBURTON FACES IRREPARABLE HARM

A. MONEY DAMAGES ARE NOT ADEQUATE TO COMPENSATE HALLIBURTON FOR DEFENDANTS' INFRINGEMENT

Defendants' contention that Halliburton has failed to demonstrate irreparable harm has no merit. See Weatherford's TRO Brief, pp. 5-6; BJ's TRO Brief, pp. 2-3. Halliburton is entitled to a presumption of irreparable harm based on its clear showing of infringement and validity. *Polymer Techs. v. Bridwell*, 103 F.3d 970, 973, 41 U.S.P.Q.2d 1185, 1188 (Fed. Cir. 1996) (also holding that, if the court decides to adjudicate irreparable harm without first making findings on

likelihood of success, it must give the movant the benefit of the presumption of irreparable harm).

Without regard to the presumption of irreparable harm present in a patent infringement case, Halliburton has shown it will suffer extensive irreparable harm if the preliminary injunction does not issue. Defendants ignore Halliburton's evidence such as the previously submitted Declaration of Jonathan Ortiz (describing immediate irreparable harm that will result from Defendants' continued infringement). Halliburton's Time Brief, Ortiz Decl., A225-228. Mr. Ortiz, a single salesman out of hundreds in Halliburton's sales force, recounts imminent irreparable harm due to Defendants' planned sales and price-cutting. Halliburton's Time Brief, Ortiz Decl. ¶ 7-20, A225-228. Every day Ortiz's customers choose well treatment service providers for their future well. These choices are driven by the price-cutting caused by Defendants. Halliburton's Time Brief, Ortiz Decl., ¶¶ 10 and 17, A225-226, 227. Defendants have completely failed to refute or even address Halliburton's showing.

Rather than addressing Halliburton's evidence, Defendants simply deny irreparable harm (Weatherford's PI Brief, 19-20 and TRO Brief, pp. 8-9; BJ's PI Brief, 18-19) and contend that Halliburton's right to "exclude" can be adequately replaced by money damages. BJ also attempts to refute irreparable harm by observing that the market consists of a "finite number of customers."

Both contentions are contrary to law. "[Defendants'] arguments that infringement and related damages are fully compensable in money downplay the nature of the statutory right to exclude others from making, using, or selling the patented invention throughout the United States." *Atlas Powder Co. v. Ireco Chemicals*, 773 F.2d 1230, 1233, 227 U.S.P.Q. 289, 292 (Fed. Cir. 1985). Halliburton's refusal to grant licenses weighs in favor of a finding that

monetary damages will be inadequate. *Precise Exercise Equipment Inc. v. Kmart Corp.*, 59 U.S.P.Q.2d 1566, 1574 (C.D. Cal. 2000).

The Federal Circuit has also rejected Defendants' assertion regarding market size:

We do not agree . . . that evidence tending to show that the market for (the patented product) is "limited" rebuts the presumption of irreparable harm. The right to exclude others from a specific market, no matter how large or small that market, is an essential element of the patent right. As we have stated, 'because the principal value of a patent is its statutory right to exclude, the nature of the patent grant weighs against holding that monetary damages will always suffice to make the patentee whole. *Polymer Techs. v. Bridwell*, 103 F.2d 970, 973, 41 U.S.P.Q.2d 1185, 1190 (Fed. Cir. 1996)

Further, this right to "exclude" is explicitly guaranteed on the face of Halliburton's patent

grants from the United States Government:

This United States Patent Grants to [Halliburton] the right to exclude others from making, using or selling the invention throughout the United States of America for a term of seventeen years from the date of this patent. . . ."

See '468 Patent (A1) and '540 Patent (A19) (*emphasis added*).

Defendants state that because they are both solvent money damages are adequate. The Federal Circuit has also rejected this argument, time after time. See *Roper Corp. v. Litton Sys., Inc.*, 757 F.2d 1266, 1269 n.2, 225 U.S.P.Q. 345, 346 n.2 (Fed. Cir. 1985) (rejecting the view that an alleged infringer's ability to compensate the movant in money damages must end a court's inquiry regarding irreparable harm).

Defendants also claim that no harm exists because their accused products are "superior" and often higher-priced. (Weatherford's PI Brief, pp. 21-22; BJ's PI Brief, pp. 20-21). Defendants fail to explain how such bald-faced speculative conclusions even if true, would refute Halliburton's irreparable harm. This claim lacks any factual support and does not merit attention

from Halliburton or the Court.

Defendants do not dispute that sales of the accused FracGuard and Python products have hurt Halliburton's market share and profitability, or that Halliburton has lost customers and sales to Defendants. *See Schawabel Corp. v. Conair Corp.*, 122 F.Supp.2d 71, 83-84 (D. Mass. 2000) ("Even apart from the presumption of irreparable harm, the loss of market share and business relationships due to infringement may independently constitute irreparable harm.") Halliburton's inventions opened up the staged frac market to drillable tools and created an entirely new market for Halliburton's drillable tools and related services. Halliburton's PI Brief, Burris Decl., ¶15, A60. *See Colonial Data Techs. Corp. v. Cybiotronics Ltd.*, 41 U.S.P.Q.2d 1763, 1769 (D.Conn. 1996) ("In addition to the potential loss of sales, [the patentee] also risks losing the opportunity to remain a leader and maintain its market share.").

Defendants' next irrelevant contention is that the presence of Baker Oil Tools ("Baker") in the market undermines Halliburton's claim of irreparable harm. "[T]he fact that other infringers may be in the marketplace does not negate irreparable harm. A patentee does not have to sue all infringers at once. Picking off one infringer at a time is not inconsistent with being irreparably harmed." *Polymer Techs. v. Bridwell*, 103 F.3d 970, 975, 41 U.S.P.Q.2d 1185, 1189 (Fed. Cir. 1996).

B. HALLIBURTON DID NOT "UNREASONABLY DELAY" IN REQUESTING PRELIMINARY RELIEF

The evidence shows that Halliburton commenced this suit within two months of its expert's viewing Defendants' accused products at the Houston trade show, but Defendants contend that Halliburton's delay was longer and that the delay refutes Halliburton's assertion of irreparable harm. (Weatherford's TRO Brief, pp. 10-14, PI Brief, pp. 20-21; BJ's TRO Brief,

pp. 3-8, PI Brief, pp. 19-20). Delay in seeking preliminary injunctive relief does not, as a matter of law, preclude issuance of such relief, but rather such delay is simply one factor to be considered in determining irreparable harm. *Hybritech, Inc. v. Abbott Labs.*, 849 F.2d 1446, 1457, 7 U.S.P.Q.2d 1191, 1200 (Fed. Cir. 1988).

Halliburton's pre-filing investigation was required both by prudence and Fed. R. Civ. P. 11. No suit "could properly have been brought" absent evidence of Defendants' infringing activities. *Polymer Techs. v. Bridwell*, 103 F.3d 970, 41 U.S.P.Q.2d 1185 (Fed. Cir. 1996). Halliburton's investigation was obstructed by Defendants' tactics. Halliburton's Time Brief, A184-220; Weatherford's TRO Brief, WE1-2; See 23 Wright & Graham, *Federal Practice and Procedure* § 5312, at 272 (1980) (Rule 408 permits the use of compromise evidence to negate a contention of delay); Fed. R. Evid. 106 (completeness doctrine).

Any perceived "delay" should properly be attributed to Defendants. See *Wang Lab. Inc. v. Chip Merchant Inc.*, 28 U.S.P.Q.2d 1677, 1679 (S.D.Cal. 1993) (delay of 15 months before filing motion was not excessive; "This finding is especially so in light of evidence . . . that much of the delay is arguably attributed to defendant as after the April 1992 notice, defendant put [the patentee] off for as long as it could . . ."). Courts have excused delays where the parties were attempting to negotiate a settlement or when the plaintiff could not obtain actual evidence of infringement. *Russell William Ltd. v. ABC Display and Supply Inc.*, 11 U.S.P.Q.2d 1812, 1813 (E.D.N.Y. 1989); *American Dental Ass'n Health Found. v. Bisco Inc.* 24 U.S.P.Q.2d 1524, 1530 (N.D.Ill. 1992) ("any delay on Foundation's part was due to its good faith decision to seek a more economical settlement of this litigation.").

BJ Time Line Regarding Delay In Examination of the Python Tool

Date	Description (Appendix pages to Halliburton's Time Brief)
08/29/01	Halliburton writes BJ after hearing market rumors of BJ's possible infringement. A184
12/07/01	<u>After requesting 3 months to respond</u> , BJ writes claiming non-infringement based on assertions regarding the structure of the Python tool and method of use. BJ includes no drawings or other documents to support its structural assertions. A207 - 214.
12/18/01	After writing Halliburton, BJ secretly adds a brass tube inside the Python tool's composite mandrel. B4
01/21/02	Halliburton writes requesting to examine the Python tool. A215.
03/06/02	<u>After a two-month delay</u> , BJ writes refusing, saying the Python tool is "proprietary." A219-220.
05/07/02	Halliburton's expert obtains information regarding BJ's Python product and examines sample. A98-114.
06/27/02	Halliburton files suit within two months of viewing BJ's Tool.

□ BJ's delays in responding to Halliburton's letters alone accounted for five months of the time. BJ attempts to justify its three-month delay in responding to Halliburton's first letter by claiming that much time was required to obtain and review the patent materials. However, Weatherford's counsel compiled its review of the same patents in one month. (See Halliburton's Time Brief, Weatherford's October 15, 2001 letter, A186). BJ makes no attempt to explain or justify its two-month delay in responding to Halliburton's January 12, 2002 letter.

□ BJ does not deny that it considers its Python tool to be proprietary and that Halliburton was denied access. As part of its investigation, Halliburton unsuccessfully attempted to obtain samples of Defendants' products¹⁰ from the market. Halliburton's Time Brief, Burris 2nd Decl., ¶¶ 2-4, 7-9, A221-222. Both Defendants maintain control of their tools and supervise their installation. Halliburton's Time Brief, Burris 2nd Decl., ¶¶ 3-8, A221-222. Since BJ had made

¹⁰ In January, 2002 Weatherford allowed Halliburton's attorneys (but refused to allow Halliburton's technical experts) to view a sample tool and refused to allow photographing of the tool. Unlike BJ, Weatherford was not making conflicting statements regarding its products and services.

contradictory statements about the Python's structure and uses, on January 21, 2002 Halliburton requested "an opportunity to inspect the Python product." Halliburton's Time Brief, A215. In its letter dated March 5, 2002, BJ's counsel stalled stating that "[w]hile BJ Services is amenable to meeting with Halliburton to resolve this matter . . . we are uncomfortable with letting Halliburton inspect our proprietary tools unless you can provide us with a reasonable explanation of why such an inspection is necessary." Halliburton's Time Brief, A219-220.

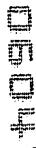
BJ does not address the fact that the only possible delay attributable to Halliburton was the less than two-month period after the May 2002 viewing of the Python product. Two months is not an unreasonable delay to evaluate the facts and institute a suit.

HALLIBURTON'S CONSOLIDATED REPLY BRIEF IN SUPPORT OF ITS MOTIONS FOR A TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION - PAGE 32

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The Weatherford Time Line Regarding Weatherford's Suppression of the Harris Evidence

Date	Description (Appendix pages to Halliburton's Time Brief)
<u>09/10/01</u>	Halliburton writes Weatherford after hearing market rumors of Weatherford's possible infringement. A185
<u>09/23/01</u> <u>&</u> <u>09/27/01</u>	Weatherford secretly obtains Declarations from Monty Harris. W10-16.
<u>10/05/01</u>	Within a month, Weatherford responds that the "Howrey Firm" has completed its review and makes the bare assertion that Weatherford's composite bridge plugs do not infringe any valid claims in these patents. A186.
<u>10/12/01</u>	Halliburton writes requesting an explanation of Weatherford's naked assertion. A187.
<u>10/22/01</u>	Weatherford writes claiming it had prior art that "places virtually every claim in [Halliburton's] earlier patents in jeopardy," and offered to discuss the prior art at a meeting. A188-189.
<u>11/03/01</u>	At the meeting, Weatherford refuses to provide its invalidity evidence but discloses that it includes a declaration of an unidentified witness cryptically referred to as "Prior Art B." A195.
<u>01/28/02</u>	Halliburton writes requesting that Weatherford disclose the declaration and questioning Weatherford's "good faith" in the negotiations. A216.
<u>02/06/02</u>	Weatherford writes back refusing Halliburton's request for information. A217-218.
<u>03/12/02</u>	Halliburton interviews Monty Harris with his attorney and court reporter. WE1-2.
<u>06/27/02</u>	Halliburton files suit.



Weatherford also argues that Halliburton delayed, yet completely ignores its suppression of the Monty Harris Declaration. Weatherford's suppression of the alleged prior art drawing of the 2-3/8" tool was completely successful for ten months until after this suit was filed and partially successful as to other matters until Mr. Harris gave Halliburton the sworn witness statement on March 12, 2002. At the March 2002 interview, Mr. Harris did not have the critical 2-3/8" tool drawings allegedly attached to his declaration. Harris Statement, 89:5-13, **A262.** Even after this suit was filed Weatherford opposed Halliburton's deposition of Mr. Harris

regarding the alleged 2-3/8" tool drawing. (See Weatherford's Opposition to Motion to Depose Harris).

Weatherford tries to distract from the delays it caused by focusing on Halliburton's examination of a sample Frac Guard tool. However, this examination and the information provided were limited in scope. Weatherford caused the delay with its own "bad faith" refusal to share the Harris evidence and to engage in discussions with Halliburton. Weatherford ignores the fact that Rule 11 requires a patent owner to treat seriously and to investigate assertions of noninfringement and invalidity, which is exactly what Halliburton did. The evidence clearly shows that Halliburton acted prudently and promptly; any substantial delays were caused by Defendants' bad faith actions.

THE BALANCE OF HARDSHIPS WEIGHS IN FAVOR OF GRANTING PRELIMINARY RELIEF

Defendants argue that their harm from an injunction is greater than Halliburton's harm without one. Their own allegations fail to support this contention.

Halliburton, as the patent owner, stands to incur the greater damage here. Halliburton "is subject to continuing price erosion, the possibility of more infringers and disruption to [its] business in terms of personnel and research resulting from such competition and the associated reduction of revenues." *Glasstech, Inc. v. AB Kyro OY*, 635 F.Supp. 465, 468, 29 U.S.P.Q.2d 145, 147 (N.D. Ohio 1986). Moreover, a preliminary injunction may be granted even where "neither party has a clear advantage" in the balance of hardships. *Hybritech, Inc. v. Abbott Labs.*, 849 F.2d 1446, 1457, 7 U.S.P.Q.2d 1191 (Fed. Cir. 1988).

Factors to be considered include the effect on the patentee's market share, business reputation, and goodwill, as well as the parties' relative size. *Progressive Games, Inc. v. Shuffle*

Master, Inc., 69 F.Supp.2d 1276, 1287 (D. Nev. 1999). Defendants are large companies that distribute a number of products. See *Precise Exercise Equipment Inc. v Kmart Corp.*, 59 U.S.P.Q.2d 1566, 1574 (C.D. Cal. 2000). Their "survival will not be at risk" if enjoined from distributing the infringing FracGuard and Python products. For example, BJ brags that its 2001 revenues were \$2.2 billion and profits were \$349 million. BJ's PI Brief, p. 19.

Both BJ and Weatherford admit that they have no manufacturing facilities, machines or equipment that would be idled by a preliminary injunction. Both reveal that they obtain the accused tools and components from unidentified third party manufacturers. (Weatherford PI Brief, p. 23; BJ's PI Brief, p. 24). The equities do not favor a defendant who merely buys and resells infringing items. See *Toro Co. v. Textron Inc.*, 703 F. Supp. 417, 420, 5 U.S.P.Q.2d 1616, 1619 (W.D. N.C. 1987) (defendant could only cite the fact that it would not be able to sell the infringing products); *Chemlawn Services Corp. v. GNC Pumps Inc.*, 6 U.S.P.Q.2d 1348 (S.D. Tex. 1988) (defendants had no interest in the tooling to produce their infringing products). Defendants' contention about any alleged harm to their third party manufacturers (who are joint infringers) should be rejected. Defendants offer only hearsay evidence to support this speculative harm and the cases they cite in support of their claim are distinguishable. *Atari Corp. v. Sega of America Inc.*, 32 U.S.P.Q.2d 1237 (N.D. Cal. 1994), involved only a "speculative" showing of irreparable harm, especially in view of the fact that the plaintiff delayed 4 years in filing suit, licensed its patent and no longer used the patent. In *Archive Corp. v. Cipher Data Products Inc.*, 12 U.S.P.Q.2d 1464, 1469 (C.D. Cal. 1988) the patentee failed to even demonstrate a likelihood of success of proving patent infringement.

VI. THE PUBLIC INTEREST FAVORS GRANTING A PRELIMINARY INJUNCTION

Defendants' argue that they are benefactors of the public good by selling infringing products. They argue that it is not in the public interest for Halliburton to benefit from the revolutionary savings it created for its customers.

By denying the injunction, Defendants would have the Court grant them what Halliburton would never give, that is, a *de facto* license. Defendants do not dispute that the public interest favors enforcement of valid patents. (Weatherford's PI Brief, p. 24; BJ's PI Brief, p. 24). *See Smith Int'l, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1581 (Fed. Cir. 1983). Defendants fail to identify any "critical public interest that would be injured by the grant of preliminary relief."

Hybritech, 849 F.2d at 1458.

Defendants' argument that the public interest in competition weighs against preliminary relief has no merit. (Weatherford's PI Brief, p. 24; BJ's PI Brief, p. 24). Many court decisions recognize that any adverse impact to the public interest in competition caused by removal of an apparently infringing product is offset by the public policies supporting the patent system. 7 *Chisum on Patents* § 20.04 [1][f][ii], at 20-740 (2002).

Defendants' "attempt to denominate [themselves] a public benefactor is misplaced. To the contrary, public policy favors protection of the rights secured by valid patents. The American public is not served by favoring the short-run effects of competition in the marketplace over the long-run effects of decreased incentives for innovation under the patent laws." *See Jacobson v. Cox Paving*, 19 U.S.P.Q.2d 1641, 1657 (D. Ariz. 1991).

VII. NO BOND IS NECESSARY HERE

Pursuant to Fed. R. Civ. P. 65(c), Halliburton requests that the Court require no bond.¹¹ Because Halliburton has made a strong showing of likelihood of success on the merits, a bond is unnecessary. *Kaepa, Inc. v. Achilles Corp.*, 76 F.3d 624, 628 (5th Cir. 1996) If the Court concludes a bond is appropriate it should be in a minimal amount “[g]iven the strong likelihood that [Halliburton] will succeed on the merits of its infringement claim and the minimal chance that [Defendants] will suffer significant cognizable harm from the issuance of an injunction.” *Decade Indus. v. Wood Tech., Inc.*, 100 F.Supp.2d 979, 55 U.S.P.Q.2d 1431, 1436 (D. Minn. 2000).

VIII. CONCLUSION

Halliburton has demonstrated that all the requisite factors favor issuance of a temporary restraining order and a preliminary injunction. Defendants should be enjoined from further making, using, selling, or offering for sale their infringing “FracGuard” and “Python” tools and related services.

Dated: August 6, 2002

CRUTSINGER & BOOTH

¹¹ Regional circuit law controls issues relating to the setting of injunction bonds. *Xeta, Inc. v. Atex, Inc.*, 852 F.2d 1280, 7 U.S.P.Q.2d 1887 (Fed Cir. 1988).

[Handwritten signature]

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CERTIFICATE OF SERVICE

I hereby certify that on this 6th day of August, 2002, a true and correct copy of the within document was caused to be served on the attorneys of record at the following addresses as indicated:

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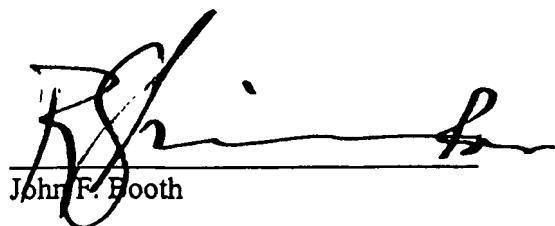
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John F. Booth

U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FILED

AUG 12 2002

CLERK, U.S. DISTRICT COURT
By _____ Deputy

HALLIBURTON ENERGY SERVICES, INC.,

Plaintiff,

vs.

C.A. NO. 3:02-CV-1347-P

WEATHERFORD INTERNATIONAL,
INC. and BJ SERVICES COMPANY

Jury Demanded

Defendants.

BJ SERVICES COMPANY'S MOTION FOR LEAVE TO FILE SUR-REPLY

Pursuant to Rule 56.7 of the Local Rules for the United States District Court for the Northern District of Texas, Defendant BJ Services Company ("BJ") moves the Court for leave to file a sur-reply of no more than six pages to HES's Reply in Support of its Motions for Temporary Restraining Order and Preliminary Injunction. BJ believes a short sur-reply is necessary to address HES's new allegations of infringement of the patents-in-suit by BJ's Current Python Bridge Plug made for the first time in HES's reply brief, filed August 6, 2002, and to clarify the record.

Dated this 12th day of August, 2002.

Respectfully submitted,

By:

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ATTORNEYS FOR DEFENDANT
BJ SERVICES COMPANY

CERTIFICATE OF CONFERENCE

I certify that I have discussed BJ Services Company's Motion for Leave to File Sur-Reply with counsel for all parties. I discussed this motion with Peter E. Ormsby, of Howrey Simon Arnold & White, L.L.P., who represents Weatherford International, Inc., and on August 12, 2002, he stated that Weatherford does not oppose this motion. I spoke with Todd E. Albanesi, of Crutsinger & Booth, on August 12, 2002, who represents Halliburton Energy Services, and he stated that HES opposes this motion.

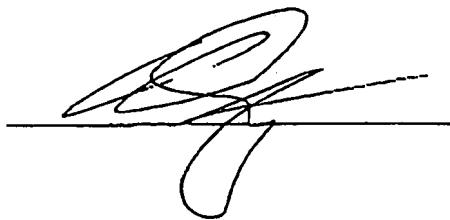
Jayne Partridge

/jpartridge

CERTIFICATE OF SERVICE

I certify that a true and correct copy of BJ Service Company's Motion for Leave to File Sur-Reply has been served upon the following counsel of record via facsimile and First Class Mail, on August 12, 2002.

John F. Booth
CRUTSINGER & BOOTH
1601 Elm Street, Suite 1950
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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

HALLIBURTON ENERGY SERVICES, INC.,

Plaintiff,

vs.

C.A. NO: 3:02-CV-1347-P

WEATHERFORD INTERNATIONAL,
INC. and BJ SERVICES COMPANY

Jury Demanded

Defendants.

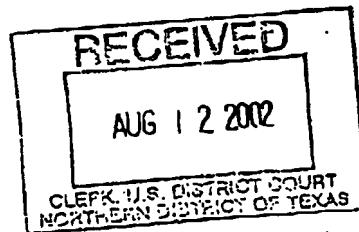
ORDER

Before this Court is BJ Services Company's Motion for Leave to File Sur-Reply. After considering the Motion, the Court finds the Motion should be GRANTED.

IT IS THEREFORE ORDERED that Defendant BJ Services Company is permitted to file a Sur-Reply to HES's Motion for TRO and Preliminary Injunction.

Signed this _____ day of _____, 2002 at Dallas, Texas.

THE HONORABLE JORGE A. SOLIS
UNITED STATES DISTRICT JUDGE



005

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

HALLIBURTON ENERGY SERVICES, INC., §
§
Plaintiff, §
§
vs. § C.A. NO. 3:02-CV-1347-P
§
WEATHERFORD INTERNATIONAL, §
INC. and BJ SERVICES COMPANY §
§ Jury Demanded
§
Defendants. §

**BJ SERVICES COMPANY'S SUR-REPLY TO
HES'S MOTION FOR TRO AND PRELIMINARY INJUNCTION**

HES's 39-page Reply Brief only serves to highlight the significance of the validity and infringement issues – issues that are fatal to HES's assertions that it is entitled to preliminary injunctive relief. *Genentech, Inc. v. Novo Nordisk, A/S*, 108 F.3d 1361, 1364 (Fed. Cir. 1997) (no entitlement to injunctive relief where "substantial question" raised concerning validity, enforceability, or infringement). Because these issues are hotly contested, many requiring a full-blown *Markman* hearing to resolve, and BJ has raised substantial questions regarding invalidity and infringement, HES cannot meet its burden of likelihood of success on the merits.¹

¹ In addition to the previously submitted evidence of record, this sur-reply is supported by HES's Response to Office Action, the 1964 Halliburton Sales and Service Catalog, and HES's Information Disclosure Statement, which are attached as BJ34-36, BJ47-52 and BJ53-61, respectively.

Infringement

HES has accused BJ of infringement of claims 1 and 3 of its '468 patent and claim 3 of its '540 patent. Regarding claims 1 and 3 of the '468 patent, HES's Reply demonstrates that the construction of the claim phrase "non-metallic material" will be a significant and highly contested issue. HES Reply at 4. Claim 1 requires, among other things, that the mandrel or the plurality of slips on BJ's plug be made of a "non-metallic material." Similarly, claim 3 of the '468 patent requires a "center mandrel made of a non-metallic material." BJ's current Python composite bridge plug includes a mandrel having a brass core wrapped with thermoplastic material. *See Lehr Decl.*, ¶ 5, B2. Contrary to HES's contentions, HES Reply at 4, because BJ's mandrel is made with brass – a metal – it is not made of a "non-metallic material." In addition, the slips on BJ's plug are made of cast iron. *Id.*, ¶ 9, B2. Because neither the mandrel nor the slips of BJ's plug are made of a non-metallic material, BJ's plug does not infringe claims 1 or 3 of the '468 patent.

Claim 3 of the '540 patent requires, among other things, a "slip means" for grippingly engaging the well bore, the slip means being at least partially made of a "non-metallic material."² The construction of "slip means" also is highly contested since BJ believes it is clear in light of the patent disclosure and statements made by Halliburton to the Patent Office, HES Amendment at 9, BJ42, that the slips themselves, one component of the "slip means," must be made of a "non-metallic material." Because the slips on BJ's plug are made of cast iron, the plug does not infringe claim 3 of the '540 patent.

² Claim 3 of the '540 patent depends from claims 1 and 2 and therefore includes all the limitations set forth in those claims. '540 patent, cl. 3, A36.

Invalidity

HES's arguments regarding invalidity can be distilled to three primary arguments, all of which fail: (1) the prior art tools are not positioned in the hole in "locking, sealing, engagement with the wellbore," (2) the prior art does not show that the tools may be drilled out of the wellbore, and (3) the prior art does not disclose that the prior art tools contain a "slip support."³ Before addressing each of these arguments, however, a brief review of the tool configuration is necessary for context.

HES's 39-page reply brief cannot obscure what even HES's own patents admit: that there is nothing new or unique about the overall *structure or configuration* of the patented downhole tools. "The size and configuration of packer 20 is substantially the same as the previously mentioned prior art EZ Drill SV squeeze packer."⁴ See, e.g., '540 patent at col. 5, ll. 44-46, A30; see also '468 patent at col. 5, ll. 19-24, A11. Moreover, the only arguably new features of HES's asserted claims, because of HES's amendment in light of the Sukup '220 patent, would be plugs or packers with the mandrel and/or slips made only from a non-metallic material. HES Amendment, at 2,3 & 9, BJ35, BJ36, BJ42. However, the Baker prior art forecloses any claims by HES to novelty regarding such

³ In the interest of brevity, substantive issues regarding the Monty Harris prior art will not be addressed here. However, HES's allegations that there are "glaring inconsistencies, gaping holes, misleading cherry-picked 'facts,'" between Mr. Harris's declaration and a "sworn witness statement" taken *ex parte* by HES, HES Reply at 5 & 9, 12-16, 19, 24-25, are "supported" by incomplete and contradictory excerpts from the statement. HES has provided neither the Court nor defendants with a complete copy of the statement, making it impossible to analyze the Monty Harris prior art issues and again highlighting HES's failure to meet its preliminary injunction burden.

⁴ Any argument that the dual slip means configuration was not known in the art or that it would not have been an obvious design choice for persons of skill in the art, HES Reply at 21-22, is contradicted by HES's admissions to the Patent Office. '540 patent, col. 1, ll. 41-45, A28; U.S. Patent No. 4,151,875, B52-62.

features.⁵ The 1968 Baker Manual and Baker Advertisement disclose all-fiberglass packers with *non-metallic mandrels and slips*. B18-20, B21-25. Although HES tries to imply otherwise, HES Reply at 18, it is undisputed that HES did not submit the Baker prior art references to the Patent Office, nor were they before the Patent Office during the prosecution of the patents-in-suit.

There also is nothing new about HES's patented tools regarding their positioning in the hole or their drillability. HES's assertion that because the prior art packers are retrievable and attached to the tubing, they do not meet the positioning limitation of being in "locking, sealing engagement with the wellbore," HES Reply at 6-15, is a red herring and is contradicted by HES's patents-in-suit and a Halliburton Sales and Service Catalog. There is no limitation of the asserted claims that forecloses the Baker packers as prior art because they were set on the tubing or because they were retrievable. In fact, the Baker prior art packers contain the exact same structure – slips and a packing element – that the patents-in-suit disclose provide the "locking, sealing, engagement" with the wellbore. '468 patent, col. 3, ll. 18-25 & col. 13, ll. 36-39, A10, A15; *see also* '540 patent, col. 3, ll. 25-28, A29. In addition, the 1964 Halliburton Sales and Service Catalog describes retrievable packers that, under certain conditions, are left in the hole for later drill-out, Halliburton Sales and Service Catalog at 2222-23, BJ51 & BJ 52, directly contradicting HES's assertion that the prior art packers "could not be left self-supporting in the well, subjected to pressure, and later drilled out." HES Reply at 7.⁶

⁵ Contrary to HES's assertions, HES Reply at 7-8 n.6, 10-11, 16, BJ is not required, at this stage of the litigation, to provide authenticated documents and corroborated testimony. *See, e.g., Sierra Club v. F.D.I.C.*, 992 F.2d 545, 551 (5th Cir. 1993) (Court may rely on otherwise inadmissible evidence, in the form of deposition transcripts and affidavits, at preliminary injunction stage.)

⁶ HES's argument that the Baker prior art is not relevant because it was used for different purposes than HES's patented tools, HES Reply at 19, also fails because the only limitation on usage

HES's assertion that all of the Baker references lack the "critical 'drilling out' element," HES Reply at 6, 8, is also contradicted by HES's prior publications. Although HES characterizes as "rank speculation" BJ's witness's assertion that prior art packers were commonly drilled out, HES Reply at 8, HES has acknowledged that its retrievable packers can be drilled out and that the use of non-metallic materials reduces the drilling time. HES admitted to the Patent Office that the Sukup '202 patent discloses "a packer wherein a number of the components may be formed from high strength synthetic resins" and "*that when these components are formed from synthetic resin materials, drilling time required for removal of the tool from the well bore is reduced.*" HES's Information Disclosure Statement, pages 1-2, BJ53 & BJ54. In addition, in the Halliburton Sales and Service Catalog, HES offers an R-3 Retrievable Packer that can be "easily drilled if conditions prevent normal removal." The catalog also provides that the packer was designed to "facilitate drilling out."

Finally, HES's argument that the prior art does not show a tool with a "slip support," HES Reply at 17-18, 20, is directly contradicted by even a cursory review of the prior art. *See, e.g.,* Sullaway, col. 1, ll. 45-48, B56.

Conclusion

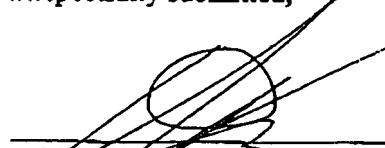
HES has failed to establish its right to preliminary injunctive relief. BJ respectfully requests that the Court deny HES's Motion for TRO and Preliminary Injunction.

provided by the patents-in-suit is to a wellbore or wellbore process. *See, e.g.,* '468 patent, col. 1, ll. 11-15, A9; '540 patent, col. 1, ll. 14-19, A28. It is indisputable that the Baker plugs were designed for use in a wellbore.

Dated this 12th day of August, 2002.

Respectfully submitted,

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ATTORNEYS FOR DEFENDANT
BJ SERVICES COMPANY

CERTIFICATE OF CONFERENCE

I certify that I have discussed BJ Services Company's Sur-Reply to HES's Motion for TRO and Preliminary Injunction with counsel for all parties. I discussed this sur-reply with Peter E. Ormsby, of Howrey Simon Arnold & White, L.L.P., who represents Weatherford International, Inc., and on August 12, 2002, he stated that Weatherford does not oppose this sur-reply. I spoke with Todd E. Albanesi, of Crutsinger & Booth, on August 12, 2002, who represents Halliburton Energy Services, and he stated that HES opposes this sur-reply.

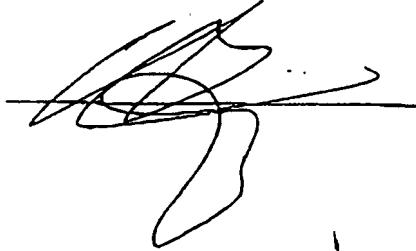


Jayme Partridge

CERTIFICATE OF SERVICE

It is certified that a true and correct copy of BJ Services Company's Sur-Reply to HES's Motion for TRO and Preliminary Injunction was served this 12th day of August, 2002, via facsimile and certified mail to the following:

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